

**HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL DATA**

**TWELVE MONTHS ENDED SEPTEMBER 30, 2012**

**Mike Estes, P.C.**  
A Professional Accounting Corporation

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and the  
AICPA GOVERNMENTAL  
AUDIT QUALITY CENTER

Independent Auditor's Report

Board of Commissioners  
Housing Authority of White Castle  
White Castle, Louisiana

We have audited the accompanying basic financial statements of the Housing Authority of the City of White Castle, Louisiana as of and for the year ended September 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of the City of White Castle, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of White Castle, Louisiana, as of September 30, 2012, and the changes in its financial position and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2013, on our consideration of the Housing Authority of the City of White Castle, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, presented for purposes of additional analysis as required by OMB Budget Circular A-133, the Financial Data Schedules required by HUD, and other accompanying information are presented for purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mike Estes, P.C.  
Fort Worth, Texas  
March 25, 2013



# **Housing Authority of the Town of White Castle**

## **Management's Discussion and Analysis**

**For the Year Ended, September 30, 2012**

The Housing Authority of the Town of White Castle (the "Authority") management's discussion and analysis report is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual program issues or concerns.

This financial report is designed to provide an overview of the Authority's total financial picture for the fiscal year ending, September 30, 2012, for those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of the Town of White Castle, P.O. Box 58, White Castle, LA 70788.

### **Financial Highlights**

- The Authority's net assets decreased by \$1,218 during the fiscal year.
- The Authority's operating revenue increased by \$16,922 during the fiscal year.
- The Authority's operating expenses decreased by \$54,493 during the fiscal year.
- At the close of the current fiscal year, the Authority's Assets exceeded its Liabilities by \$2,603,800.
- The Authority administers federal, state and local grants to benefit the low income and elderly citizens of the Town of White Castle.

### **Overview of the Financial Statements**

The financial statements included in this annual report are those of a special-purpose government engaged in a single business-type activity prepared on an accrual basis. Over time, significant changes in the Authority's net assets serve as a useful indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any authority, the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy; Department of Housing and Urban Development mandated program administrative changes, and the physical condition of capital assets.

# Housing Authority of the Town of White Castle

## Management's Discussion and Analysis

For the Year Ended, September 30, 2012

### Overview of the Financial Statements (continued)

The follow statements are included:

- **Statement of Net Assets** - this statement reports the Authority's assets, liabilities and net assets at the end of the fiscal year. You can think of the Authority's net assets as the difference between what the Authority owns (assets) and what the Authority owes (liabilities).
- **Statement of Revenues, Expenses, and Changes in Net Assets** - this statement presents information showing how the Authority's net assets increased or decreased during the current fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of when the cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows and cash outflows in future periods.
- **Statement of Cash Flows** - this statement presents information showing the total cash receipts and cash disbursements of the Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt service, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Authority in prior periods and subsequently received during the current fiscal year (i.e. accounts receivable).
- **Notes to the Basic Financial Statements** - notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided. These notes provide greater understanding on the overall activity of the Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Authority may face.

In addition to the basic financial statements listed above, our report includes supplemental information. This information provides additional detail on the Authority's various programs and the required information mandated by regulatory bodies that fund the Authority's various programs.

# Housing Authority of the Town of White Castle

## Management's Discussion and Analysis

For the Year Ended, September 30, 2012

### Financial Analysis

#### Statement of Net Assets

	<u>2012</u>	<u>2011</u>	<u>Total Change</u>
Current assets	\$ 213,086	\$ 138,729	\$ 74,357
Restricted assets	11,440	11,710	(270)
Capital assets (net)	2,494,578	2,556,741	(62,163)
Total Assets	2,719,104	2,707,180	11,924
Current liabilities	92,797	75,654	17,143
Tenant security deposits	11,440	11,710	(270)
Noncurrent liabilities	11,067	14,798	(3,731)
Total Liabilities	115,304	102,162	13,142
Invested in capital assets (net)	2,494,578	2,556,741	(62,163)
Restricted Net Assets	-	-	-
Unrestricted Net Assets	109,222	48,277	60,945
Total Net Assets	2,603,800	2,605,018	(1,218)
Total Liabilities and Net Assets	\$ 2,719,104	\$ 2,707,180	\$ 11,924

**Current Assets** increased by \$74,357.

**Capital Assets** decreased by \$62,163, as seen on page 7. This decrease is a result of current depreciation expense exceeding the completion of capital improvements undertaken by the Authority during the year.

**Current Liabilities** increased by \$17,143 as a result of decreased accounts payable to vendors and wages payable, offset by an increase in accounts payable to other governments FYE 2011 as compared to FYE 2012.

**Noncurrent Liabilities** decreased by \$3,731 as a result of a decrease in accrued compensated absences during the year.

**Net Assets** - The difference between an organization's assets and its liabilities is its net assets. Net assets are categorized as one of three types.

- Invested in capital assets, net of related debt - capital assets, net of accumulated depreciation and related debt is due to the capital asset and long-term debt activity;
- Restricted - the Authority's net assets whose use is subject to constraints imposed by law or agreement consisting primarily of debt service reserves;
- Unrestricted - the Authority's net assets that are neither invested in capital assets nor restricted which increase principally due to operations. These resources are available to meet the Authority's ongoing obligations to its residents and creditors.

# Housing Authority of the Town of White Castle

## Management's Discussion and Analysis

For the Year Ended, September 30, 2012

### Financial Analysis (Continued)

#### Statement of Revenues, Expenses and Changes in Net Assets

	<u>2012</u>	<u>2011</u>	<u>Net Change</u>
Operating Revenues:			
Dwelling rental	\$ 238,376	\$ 251,031	\$ (12,655)
Governmental operating grants	312,104	297,475	14,629
Other	31,950	17,002	14,948
Total Operating Revenues	<u>582,430</u>	<u>565,508</u>	<u>16,922</u>
Operating Expenses:			
Administration	221,392	230,295	(8,903)
Tenant services	14,464	39,927	(25,463)
Utilities	12,339	14,339	(2,000)
Ordinary maintenance & operations	151,895	171,990	(20,095)
Protection services	331	441	(110)
General expenses	99,046	120,015	(20,969)
Depreciation	296,677	269,413	27,264
Extraordinary maintenance	22,243	26,460	(4,217)
Total Operating Expenses	<u>818,387</u>	<u>872,880</u>	<u>(54,493)</u>
Income (Loss) from Operations	<u>(235,957)</u>	<u>(307,372)</u>	<u>71,415</u>
Non Operating Revenues (Expenses):			
Interest earnings	225	514	(289)
Total Non-Operating Revenues (Expenses)	<u>225</u>	<u>514</u>	<u>(289)</u>
Income (Loss) before contribution	<u>(235,732)</u>	<u>(306,858)</u>	<u>71,126</u>
Capital Contribution	<u>234,514</u>	<u>256,668</u>	<u>(22,154)</u>
Change in net assets	<u>(1,218)</u>	<u>(50,190)</u>	<u>48,972</u>
Net assets – 10/1	<u>2,605,018</u>	<u>2,655,208</u>	<u>(50,190)</u>
Net assets – 9/30	<u>\$ 2,603,800</u>	<u>\$ 2,605,018</u>	<u>\$ (1,218)</u>

# **Housing Authority of the Town of White Castle**

## **Management's Discussion and Analysis**

**For the Year Ended, September 30, 2012**

### **Financial Analysis (Continued)**

**Total Operating Revenue** increased by \$16,922 for the 2012 fiscal year. This increase primarily represents an increase in governmental operating grants and other revenues.

**Operating Expenses** are categorized by the Authority as administration, tenant services, utilities, ordinary maintenance & operations, protective services, general expenses, depreciation and extraordinary maintenance expenses.

The decrease of \$54,493 in total operating expenses is attributable to decreases in administration, tenant services, utilities, ordinary maintenance and operations, protection services, general expenses and extraordinary maintenance expenses, offset by an increase in depreciation expense for the 2012 fiscal year.

Administration Expenses decreased by \$8,903 for the 2012 fiscal year. Most of the decrease is attributable to decreases in administrative salaries and employee benefit contributions expense.

Tenant Services decreased by \$25,463 for the 2012 fiscal year. This decrease is attributable to decreases in employee related expenditures as it relates to Tenant Services.

Ordinary Maintenance and Operations Expense decreased by \$20,095 for the 2012 fiscal year. The decrease is mainly related to a decrease in labor and contract costs incurred in the continuation of unit turnaround efforts, as well as, a decrease in employee benefit contributions.

General Expenses decreased by \$20,969 for the 2012 fiscal year. This decrease is attributable to decreases in insurance, compensated absences and tenant bad debt expenses.

**Nonoperating Revenues** decreased by \$22,154 mainly due to a decrease in capital grants received for the 2012 fiscal year.

### **Capital Assets and Debt Administration**

The Authority's capital assets as of September 30, 2012, amounts to \$2,494,578 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, furniture and equipment, construction in progress, and accumulated depreciation. The total decrease in the Authority's capital assets for the current fiscal year was \$62,163.

# Housing Authority of the Town of White Castle

## Management's Discussion and Analysis

For the Year Ended, September 30, 2012

### Capital Assets and Debt Administration (continued)

	<u>2012</u>	<u>2011</u>	<u>Total Change</u>
Land	\$ 236,540	\$ 236,540	\$ -
Buildings and improvements	6,697,638	6,243,500	454,138
Furniture and equipment	204,084	204,084	-
Construction in Progress	345,441	565,066	(219,625)
Accumulated Depreciation	<u>(4,989,125)</u>	<u>(4,692,449)</u>	<u>(296,676)</u>
Total	\$ 2,494,578	\$ 2,556,741	\$ (62,163)

Additional information on the Housing Authority of White Castle's capital assets can be found in Note 5 on page 20 of this report.

### Debt

Long-term debt includes accrued annual vacation leave to employees and liabilities to tenants for escrow deposits. The Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

### Economic Factors

Several factors may affect the financial position of the Authority in the subsequent fiscal year. These factors include:

- Federal funding provided by Congress to the Department of Housing and Urban Development and new rules and regulations, which could be unfunded,
- Local labor supply and demand, which can affect salary and wage rates,
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore tenant rental income,
- Natural disasters which can have a devastating impact on the local economy,
- Inflationary pressure on utility rates, supplies and other costs,
- Unemployment rates which can have an effect on rent.

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

**ASSETS**

## Current assets

Cash and cash equivalents	\$ 31,615
Investments	51,282
Accounts receivable net	96,306
Prepaid items and other assets	27,922
Inventory	5,961
Restricted assets - cash and cash equivalents	11,440

Total Current Assets	224,526
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## Capital Assets, net

Land and other non-depreciated assets	581,981
Other capital assets - net of depreciation	1,912,597

Total Capital Assets, net	2,494,578
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Total Assets	\$ 2,719,104
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**LIABILITIES**

## Current Liabilities

Accounts payable	\$ 12,842
Deferred revenue	1,337
Compensated absences payable	6,225
Accrued PILOT	72,393
Deposits due others	11,440

Total Current Liabilities	104,237
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## Noncurrent Liabilities

Compensated absences payable	11,067
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Total Liabilities	115,304
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**NET ASSETS**

Invested in capital assets, net of related debt	2,494,578
Unrestricted	109,222

Net Assets	2,603,800
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Total Liabilities and Net Assets	\$ 2,719,104
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The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED SEPTEMBER 30, 2012

**OPERATING REVENUES**

Dwelling rental	\$ 238,376
Governmental operating grants	312,104
Other	31,950

Total Operating Revenues	582,430
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**OPERATING EXPENSES**

Administration	221,392
Tenant services	14,464
Utilities	12,339
Ordinary maintenance & operations	151,895
Protective services	331
General expenses	99,046
Depreciation	296,677
Extraordinary maintenance	22,243

Total Operating Expenses	818,387
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Income (Loss) from Operations	(235,957)
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Non Operating Revenues (Expenses)

Interest earnings	225
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Total Non-Operating Revenues (Expenses)	225
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Income (Loss) before contribution	(235,732)
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Capital Contribution	234,514
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Change in net assets	(1,218)
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Total net assets - beginning	2,605,018
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Total net assets - ending	\$ 2,603,800
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The Notes to the Financial Statements are an integral part of these statements.



HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2012

**CASH FLOWS FROM**

**OPERATING ACTIVITIES**

Rental receipts	\$ 239,141
Other receipts	54,053
Federal grants	227,859
Payments to vendors	(274,907)
Payments to employees – net	(251,312)
	<hr/>
Net cash provided (used) by operating activities	(5,166)
	<hr/>

**CASH FLOWS FROM CAPITAL AND**

**RELATED FINANCING ACTIVITIES**

Purchase of capital assets	(234,514)
Federal Capital Grants	234,514
	<hr/>
Net cash provided (used) by capital and related financing activities	0
	<hr/>

**CASH FLOWS FROM INVESTING  
ACTIVITIES**

Interest income	224
Purchase of investments	(51,281)
	<hr/>
Net cash provided (used) by investing activities	(51,057)
	<hr/>

**NET INCREASE (DECREASE) IN  
CASH AND CASH EQUIVALENTS**

(56,223)

**CASH AND CASH EQUIVALENTS**

Beginning of Fiscal Year	99,278
	<hr/>

**CASH AND CASH EQUIVALENTS**

End of Fiscal Year	\$ 43,055
	<hr/> <hr/>

Continued

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2012

**RECONCILIATION OF OPERATING  
INCOME (LOSS) TO NET CASH  
PROVIDED (USED) BY OPERATING  
ACTIVITIES**

Operating income (loss)	\$ (235,957)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation Expense	296,677
Provision of uncollectible accounts	(1,059)
Change in assets and liabilities:	
Receivables	(80,333)
Inventories	1,001
Prepaid items	1,594
Account payables	(8,926)
Accrued PILOT	22,604
Deferred revenue	(497)
Deposits due others	(270)
Net cash provided (used) by operations	\$ <u>(5,166)</u>

Concluded

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** The accompanying financial statements of the Housing Authority of the Town of White Castle have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. REPORTING ENTITY** Housing Authorities are chartered as public corporations under the laws (LSA – R.S. 40.391) of the State of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the Town of White Castle, serve staggered multi-year terms.

The Housing Authority has the following units:

PHA Owned Housing	134 units
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GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt with HUD approval.

The Housing Authority is a related organization of the Town of White Castle since the Town of White Castle appoints a voting majority of the Housing Authority's governing board. The Town of White Castle is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of White Castle. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of White Castle.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

- 1) Appointing a voting majority of an organization's governing body, and:
  - a) The ability of the government to impose its will on that organization and/or
  - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
- 2) Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
- 3) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

**B. FUNDS** The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The transactions of the Housing Authority are reported in a proprietary enterprise fund. The general fund accounts for the transactions of the Public Housing Low Rent program and the Capital Fund program.

### **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

**PROPRIETARY FUNDS** Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. According to the Authority's policy, governmental operating grants are considered operating revenues. The other principal operating revenues of the Housing Authority are rent and maintenance charges to residents and operating fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

**D. CASH AND CASH EQUIVALENTS** Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits, of less than ninety days, and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

On the Statement of Cash Flows, cash and cash equivalents, end of year, is \$43,055. This is comprised of cash and cash equivalents of \$31,615 and restricted assets – cash of \$11,440, on the statement of net assets.

**E. INVESTMENTS** Investments are limited to L.S.-R.S. 33:2955 and the Housing Authority investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

**F. REVENUE RECOGNITION** Revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual – that is, when they become *measurable* and *available* to the finance expenditures of the fiscal period. “Available” is determined as collectible within the 12 months of the fiscal year or soon enough thereafter to be used in pay liabilities of the current period.

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

**G. INVENTORY** All purchased inventory items are valued at cost using the first-in, first-out method. Inventory is recorded using the purchase method. At year end, the amount of inventory is recorded for external financial reporting

**H. PREPAID ITEMS** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**I. CAPITAL ASSETS** Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$500. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Site improvements	10 years
Buildings	40 years
Building improvements	10 years
Furniture and equipment	5-7 years
Computers	3 years
Automobiles	5 years

**J. DEFERRED REVENUES** The Housing Authority reports deferred revenues on its balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

**K. COMPENSATED ABSENCES** The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

**L. POST EMPLOYMENT BENEFITS** The Authority does not recognize or pay any post employment benefits. Accordingly, Governmental Accounting Standards Board (GASB) Statement Number 45 does not apply.

**M. RESTRICTED NET ASSETS** Net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.



HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. USE OF ESTIMATES** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – DEPOSITS AND INVESTMENTS** The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at September 30, 2012. Deposits are stated at cost, which approximates fair value.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

Credit Rate Risk: GASB 40 disclosure of credit rate risk does not apply, since the Authority's only investments are certificates of deposit.

Custodial Credit Risk: The Authority's policy requires the financial institution to cover the first \$250,000 of deposits with FDIC coverage. Any excess deposits must be collateralized with securities held by the pledging financial institution, with a fair market value that equals or exceeds the amount of excess deposits.

Restricted Cash: \$11,440 is restricted in the General Fund for security deposits.

At September 30, 2012, the Housing Authority's carrying amount of deposits was \$94,287 and the bank balance was \$103,435, which includes \$51,282 in certificates of deposits classified as investments. Petty cash consists of \$50. The entire bank balance was covered by FDIC Insurance.



HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

**NOTE 3 – ACCOUNTS RECEIVABLE** The receivables at September 30, 2012, are as follows:

<u>Class of Receivables</u>	
Local sources:	
Tenants	\$ 1,583
Other	231
Federal sources:	
Grants	94,492
Total	<u>\$ 96,306</u>

The tenants account receivable is net of an allowance for doubtful accounts of \$447.

**NOTE 4 – CAPITAL ASSETS** The changes in capital assets are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable assets				
Land and buildings	\$ 236,540	\$ 0	\$ 0	\$ 236,540
Construction in progress	565,066	0	219,625	345,441
Depreciable assets:				
Buildings	6,243,500	454,138	0	6,697,638
Furniture and equipment	204,084	0	0	204,084
Total capital assets	<u>7,249,190</u>	<u>454,138</u>	<u>219,625</u>	<u>7,483,703</u>
Less: accumulated depreciation				
Buildings	4,538,274	270,706	0	4,808,980
Furniture and equipment	154,175	25,970	0	180,145
Total accumulated depreciation	<u>4,692,449</u>	<u>296,676</u>	<u>0</u>	<u>4,989,125</u>
Total capital assets, net	<u>\$ 2,556,741</u>	<u>\$ 157,462</u>	<u>\$ 219,625</u>	<u>\$ 2,494,578</u>

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

**NOTE 5 – ACCOUNTS PAYABLE** The payables at September 30, 2012 are as follows:

Vendors	\$	8,913
Payroll taxes & Retirement withheld		3,929
Total	\$	<u>12,842</u>

**NOTE 6 – COMPENSATED ABSENCES** At September 30, 2012, employees of the Housing Authority have accumulated and vested \$17,292 of employee leave computed in accordance with GASB, Codification Section C60.

**NOTE 7 – LONG-TERM OBLIGATIONS** The following is a summary of the long-term obligation transactions for the year ended September 30, 2012.

	Compensated Absences
Balance, beginning	\$ 23,255
Additions	6,459
Deletions	12,422
Balance, ending	<u>17,292</u>
Amounts due in one year	\$ <u>6,225</u>

**NOTE 8 – RETIREMENT SYSTEM** The Housing Authority participates in the Louisiana Housing Council Group Retirement Plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees are who have attained age 18 are eligible to participate in the plan on the first day of the month after completing three months of continuous and uninterrupted employment.

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 4% of his effective compensation. The employer is required to make monthly contributions equal to 6% of each participant's effective compensation.

The Housing Authority's contribution for each employee and income allocated to the employee's account is fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority has the right to establish or amend retirement plan provisions. The Housing Authority's Joinder Agreement with the Louisiana Housing Council Group Retirement Plan may be amended or modified by Board Resolution. Amendment of the Joinder Agreement is limited to provisions affecting plan specifications.

The Housing Authority made the required contributions of \$14,243 for the year ended September 30, 2012, of which \$8,011 was paid by the Housing Authority and \$6,232 was paid by employees. No payments were made out of the forfeiture account.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

**Litigation** The Housing Authority is not presently involved in litigation.

**Grant Disallowances** The Housing Authority participates in a number of federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowance, if any, which may arise from future audits will not be material.

**Construction Projects** There are certain renovation or construction projects in progress at September 30, 2012. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

**Risk Management** The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

The Housing Authority transfers risk of loss by participating in a public entity risk pool and contracting with a commercial insurance carrier for all major categories of exposed risk.

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

This includes coverage of property, general liability, public liability, and worker's compensation. The risk pool and insurance contracted are obligated to meet settlements up to the maximum coverage, after the PHA's premiums and deductions are met.

Louisiana State law prohibits one governmental entity assessing another entity. If the Louisiana Housing Council Group Self Insured Fund (LHC) risk pool is unable to meet its obligations, the risk to the Housing Authority is only that its own claim would be unpaid.

Coverage has not significantly changed from the previous year and settlements for each of the past three years have not exceeded insurance coverage.

**NOTE 10 – ECONOMIC DEPENDENCE** The Department of Housing and Urban Development provided \$546,618 to the Housing Authority, which represents approximately 66% of the Housing Authority's total revenue and capital contributions for the year

**NOTE 11 - SUBSEQUENT EVENTS** Management has evaluated events and transactions subsequent to the statement of net assets sheet date through the date of the independent auditor's report (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.

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AUDIT QUALITY CENTER

Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Housing Authority of White Castle  
White Castle, Louisiana

We have audited the basic financial statements of the Housing Authority of the City of White Castle, Louisiana, as of and for the year ended September 30, 2012, and have issued our report thereon dated March 25, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of White Castle, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of White Castle, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of White Castle, Louisiana's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of White Castle, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mike Estes, P.C.  
Fort Worth, Texas  
March 25, 2013

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Report on Compliance with Requirements That Could Have a Direct  
and Material Effect on Each Major Program and on Internal Control  
Over Compliance in Accordance With OMB Circular A-133

Independent Auditor's Report

Housing Authority of White Castle  
White Castle, Louisiana

**Compliance**

We have audited the Housing Authority of the City of White Castle, Louisiana compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of White Castle, Louisiana's major federal programs for the year ended September 30, 2012. The Housing Authority of the City of White Castle, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the City of White Castle, Louisiana's management. Our responsibility is to express an opinion on the Housing Authority of the City of White Castle, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of White Castle, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority of the City of White Castle, Louisiana's compliance with those requirements.

In our opinion, the Housing Authority of the City of White Castle, Louisiana complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.



### **Internal Control Over Compliance**

Management of the Housing Authority of the City of White Castle, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the City of White Castle, Louisiana's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of White Castle, Louisiana's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of Housing Authority of the City of White Castle, Louisiana's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on Housing Authority of the City of White Castle, Louisiana's compliance but not to provide an opinion on the effectiveness of Housing Authority of the City of White Castle, Louisiana's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of White Castle, Louisiana's compliance with requirements applicable to each major program and its internal control compliance. Accordingly, this report is not suitable for any other purpose.

Mike Estes, P.C.  
Fort Worth, Texas  
March 25, 2013



HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2012

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	\$ 291,404
Capital Fund Program	14.872	255,214
Total United States Department of Housing and Urban Development		\$ 546,618
Total Expenditures of Federal Awards		\$ 546,618

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2012

**NOTE 1 – GENERAL** The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of the City of White Castle, Louisiana (the “Housing Authority”). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority’s basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

**NOTE 2 – BASIS OF ACCOUNTING** The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1(C) to the Housing Authority’s basic financial statements.

**NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS** Federal awards revenues are reported in the Housing Authority’s basic financial statements as follows:

	<u>Federal Sources</u>
Enterprise Funds	
Governmental operating grants	\$ 312,104
Capital contributions	234,514
	<hr/>
Total	\$ 546,618
	<hr/> <hr/>

**NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS** Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2012

**Section I – Summary of the Auditor's Results**

**Financial Statement Audit**

1. Type of Auditor's Report Issued on Financial Statements – Unqualified.
2. Internal Control Over Financial Reporting:
  - a. Material weakness(es) identified? \_\_\_\_\_ yes ✓ no
  - b. Significant deficiency(ies) identified? \_\_\_\_\_ yes ✓ none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes ✓ no

**Audit of Federal Awards**

1. Internal Control Over Major Programs:
  - a. Material weakness(es) identified? \_\_\_\_\_ yes ✓ no
  - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes ✓ none reported
2. Type of Auditor's Report Issued on Compliance For Major Programs – Unqualified.
3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ yes ✓ no
4. The programs tested as major programs include:

CFDA# 14.850	Public and Indian Housing – Low Rent Program
CFDA# 14.872	Capital Fund
5. Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000
6. Auditee qualified as low-risk auditee? \_\_\_\_\_ yes ✓ no

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2012

**Section II – Findings related to the financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:**

None

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2012

**Section III – Findings and questioned costs for federal awards which are required to be reported  
under OMB Circular No. A-133 Section .510 (a):**

None

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
CORRECTIVE ACTION PLAN

YEAR ENDED SEPTEMBER 30, 2012

There are no audit findings.

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2012

**The following prior audit findings were required to be reported under OMB Circular No. A-133, Section 510(a) (for the major program) for the prior year:**

The prior year was audited by another auditing firm.

Low Rent Program

11-01 – Lease Needs HUD Approval

Condition

On July 6, 2011, the PHA's Board of Commissioners, without prior written HUD approval, authorized the execution of an Oil, Gas, and Mineral Lease involving 19.7 acres of land owned by the PHA. The prior auditor believed it was unclear if the property was previously encumbered by an Agreement Not To Alienate or Sell Property [Declaration of Trust]. In any event, the prior auditor believed the execution of the lease may have violated the Annual Contributions Contract, and perhaps violated federal law, in addition, for some other reason.

Recommendation

No specific recommendation was included in the report. However, the implication was that in the future, the PHA should obtain approval in advance before executing such leases.

Current Status

The current auditors contacted HUD-Legal for clarification for this point. HUD-Legal stated that any PHA should allow HUD to review the proposed documents before entering into an oil, gas and and/or mineral lease of this nature. However, if directional drilling only is involved and the surface is not disturbed [which is the situation here], it appears these contracts will be satisfactory with HUD. The PHA has filed the Agreement Not To Alienate or Sell Property with the parish courthouse. HUD-Legal requested that once this was done, the Agreement and the lease should be sent to them for their review. The PHA has done this.

In the future, these types of agreements should be reviewed by HUD-Legal before they are executed. This finding is not repeated.

Capital Fund Program, ARRA Stimulus Grant

11-02 – Non Compliance With Three Day Turnaround Rule

Condition

The Capital Fund requirements include that the PHA pay out all monies due vendors within three days of the draw-down of funds from the federal government.

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2012

**The following prior audit findings were required to be reported under OMB Circular No. A-133, Section 510(a) (for the major program) for the prior year:**

Capital Fund Program, ARRA Stimulus Grant (continued)

11-02 – Non Compliance With Three Day Turnaround Rule

Recommendation

No specific recommendation was included in the report. However, the implication was that in the future, the PHA should distribute all monies within the required period.

Current Status

No exceptions of the three day turnaround rule were noted in this audit. This finding is not repeated.

All Programs

11-03 – Board Minutes Need Improved Documentation

Condition

In the prior auditor's opinion, the board minutes did not adequately and/or properly describe board consideration of issues as required by Government Auditing Standards. Specific examples were cited.

Recommendation

No specific recommendation was included in the report. However, the implication was that in the future the board of commissioners should attend training on what board actions are required and also preferred, and that more consideration should be given to documenting the required actions in the minutes.

Current Status

This finding is not repeated. However, see the management letter comments.

**SEE MANAGEMENT LETTER ON NEXT PAGE**



HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
SCHEDULE OF MANAGEMENT LETTER ITEMS

YEAR ENDED SEPTEMBER 30, 2012

To Management and the Board of Commissioners:

In planning and performing our audit of the financial statements of the Housing Authority of the City of White Castle for the year ended September 30, 2012, we considered the Authority's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal controls.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum contained in this letter summarizes our comments and suggestions regarding those matters. (We have also reported on the Authority's internal control in our report dated March 25, 2013.) This letter does not affect our report dated March 25, 2013 on the financial statements of the Housing Authority of the City of White Castle.

The status of these comments will be reviewed during the next audit engagement. We have already discussed these comments and suggestions with various authority personnel, and we will be pleased to discuss them in further detail at your convenience, to perform additional study of these matters, or to assist you in implementing the recommendations.

The Board of Commissioner's minutes improved in the current year. However, we suggest the following:

- M1 The minutes currently reflect the review of the Board of past due tenant accounts receivable, which is a good practice. However, the minutes should always reflect the board's review and approval of an itemized list of specific tenant charge-offs. This may not be practical with a large authority, but this is an effective procedure with a small authority.

In addition, board minutes should reflect the board review periodically, at least annually, of the interest rates earned on the money market accounts, if any, and certificates of deposits, if any. This may not seem critical when interest rates are low, as they are now, and considering the limited investment options that a PHA has. However, in our opinion, periodic review by the Board is necessary to comply with state law.

As auditors, the items we look for in the minutes include but are not limited to the following:

- a. Review and approval of all budgets and revisions
- b. Review of commitments and contingencies. Examples are items like oil and gas leases, efforts to buy or sell real property, and possible litigation
- c. Review and approval of itemized bad debt tenant write-offs, as noted above
- d. Review of the latest financial statements, including year to date comparisons of major categories versus the budgets, and in some instances, with prior year amounts.
- e. Review of any third party reports, including the independent audit, HUD management reviews, HUD-REAC physical inspections, and HUD Fair Housing reviews.
- f. Review at least annually of the investment rates, as noted above.
- g. Review that all required insurance coverages are in effect.

Corrective Action Plan – Response

We will make sure we continue to address the items listed above by the auditor.

## SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST  
ANNUAL CONTRIBUTION CONTRACT

YEAR ENDED SEPTEMBER 30, 2012

	2008 Capital Fund	2009 Capital Fund
Funds approved	\$ 210,920	\$ 207,844
Funds expended	210,920	207,844
Excess of funds approved	\$ 0	\$ 0
Funds advanced	\$ 210,920	\$ 207,844
Funds expended	210,920	207,844
Excess (Deficiency) of funds advanced	\$ 0	\$ 0

1. The Actual Modernization Costs are as follows:
2. The distribution of costs by project as shown on the Final Statement of Modernization Costs dated January 20, 2012 and October 12, 2012 accompanying the Actual Modernization Costs Certificates submitted to HUD for approval are in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

See accountant's report

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED SEPTEMBER 30, 2012

CASH BASIS

	2010 Capital Fund	2011 Capital Fund
	<u>                    </u>	<u>                    </u>
Funds approved	\$ 206,316	\$ 176,113
Funds expended	165,917	16,070
	<u>                    </u>	<u>                    </u>
Excess of funds approved	\$ 40,399	\$ 160,043
	<u>                    </u>	<u>                    </u>
 Funds advanced	 \$ 165,917	 \$ 16,070
Funds expended	165,917	16,070
	<u>                    </u>	<u>                    </u>
Excess (Deficiency) of funds	\$ 0	\$ 0
	<u>                    </u>	<u>                    </u>

See accountant's report

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2012

**Entity Wide Balance Sheet Summary**

	Project Total	Total
111 Cash - Unrestricted	\$31,615	\$31,615
112 Cash - Restricted - Modernization and Development		
113 Cash - Other Restricted		
114 Cash - Tenant Security Deposits	\$11,440	\$11,440
115 Cash - Restricted for Payment of Current Liabilities		
100 Total Cash	\$43,055	\$43,055
121 Accounts Receivable - PHA Projects		
122 Accounts Receivable - HUD Other Projects	\$94,492	\$94,492
124 Accounts Receivable - Other Government		
125 Accounts Receivable - Miscellaneous	\$231	\$231
126 Accounts Receivable - Tenants	\$2,030	\$2,030
126.1 Allowance for Doubtful Accounts -Tenants	-\$447	-\$447
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current		
128 Fraud Recovery		
128.1 Allowance for Doubtful Accounts - Fraud		
129 Accrued Interest Receivable		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$96,306	\$96,306
131 Investments - Unrestricted	\$51,282	\$51,282
132 Investments - Restricted		
135 Investments - Restricted for Payment of Current Liability		
142 Prepaid Expenses and Other Assets	\$27,922	\$27,922
143 Inventories	\$6,275	\$6,275
143.1 Allowance for Obsolete Inventories	-\$314	-\$314
144 Inter Program Due From		
145 Assets Held for Sale		
150 Total Current Assets	\$224,526	\$224,526
161 Land	\$236,540	\$236,540
162 Buildings	\$5,571,119	\$5,571,119
163 Furniture, Equipment & Machinery - Dwellings		
164 Furniture, Equipment & Machinery - Administration	\$204,084	\$204,084
165 Leasehold Improvements	\$1,126,519	\$1,126,519
166 Accumulated Depreciation	-\$4,989,125	-\$4,989,125
167 Construction in Progress	\$345,441	\$345,441
168 Infrastructure		
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,494,578	\$2,494,578
171 Notes, Loans and Mortgages Receivable - Non-Current		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due		
173 Grants Receivable - Non Current		
174 Other Assets		
176 Investments in Joint Ventures		
180 Total Non-Current Assets	\$2,494,578	\$2,494,578
190 Total Assets	\$2,719,104	\$2,719,104

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2012

**Entity Wide Balance Sheet Summary**

	Project Total	Total
311 Bank Overdraft		
312 Accounts Payable <= 90 Days	\$8,913	\$8,913
313 Accounts Payable >90 Days Past Due		
321 Accrued Wage/Payroll Taxes Payable	\$3,929	\$3,929
322 Accrued Compensated Absences - Current Portion	\$6,225	\$6,225
324 Accrued Contingency Liability		
325 Accrued Interest Payable		
331 Accounts Payable - HUD PHA Programs		
332 Account Payable - PHA Projects		
333 Accounts Payable - Other Government	\$72,393	\$72,393
341 Tenant Security Deposits	\$11,440	\$11,440
342 Deferred Revenues	\$1,337	\$1,337
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds		
344 Current Portion of Long-term Debt - Operating Borrowings		
345 Other Current Liabilities		
346 Accrued Liabilities - Other		
347 Inter Program - Due To		
348 Loan Liability - Current		
310 Total Current Liabilities	\$104,237	\$104,237
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		
352 Long-term Debt, Net of Current - Operating Borrowings		
353 Non-current Liabilities - Other		
354 Accrued Compensated Absences - Non Current	\$11,067	\$11,067
355 Loan Liability - Non Current		
356 FASB 5 Liabilities		
357 Accrued Pension and OPEB Liabilities		
350 Total Non-Current Liabilities	\$11,067	\$11,067
300 Total Liabilities	\$115,304	\$115,304
508.1 Invested In Capital Assets, Net of Related Debt	\$2,494,578	\$2,494,578
511.1 Restricted Net Assets		
512.1 Unrestricted Net Assets	\$109,222	\$109,222
513 Total Equity/Net Assets	\$2,603,800	\$2,603,800
600 Total Liabilities and Equity/Net Assets	\$2,719,104	\$2,719,104

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2012

**Single Project Revenue and Expense**

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$238,376		\$238,376
70400 Tenant Revenue - Other	\$11,646		\$11,646
70500 Total Tenant Revenue	\$250,022	\$0	\$250,022
70600 HUD PHA Operating Grants	\$291,404	\$20,700	\$312,104
70610 Capital Grants		\$234,514	\$234,514
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$225		\$225
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$20,304		\$20,304
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$561,955	\$255,214	\$817,169
91100 Administrative Salaries	\$99,697	\$4,000	\$103,697
91200 Auditing Fees	\$10,980		\$10,980
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$40,019		\$40,019
91600 Office Expenses	\$20,244		\$20,244
91700 Legal Expense	\$4,308		\$4,308
91800 Travel	\$11,740		\$11,740
91810 Allocated Overhead			
91900 Other	\$30,404		\$30,404
91000 Total Operating - Administrative	\$217,392	\$4,000	\$221,392
92000 Asset Management Fee			
92100 Tenant Services - Salaries	\$9,648		\$9,648
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services	\$4,396		\$4,396
92400 Tenant Services - Other	\$420		\$420
92500 Total Tenant Services	\$14,464	\$0	\$14,464
93100 Water	\$1,122		\$1,122
93200 Electricity	\$10,898		\$10,898
93300 Gas	\$319		\$319
93400 Fuel			

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2012

**Single Project Revenue and Expense**

	Low Rent	Capital Fund	Total Project
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$12,339	\$0	\$12,339
94100 Ordinary Maintenance and Operations - Labor	\$63,512		\$63,512
94200 Ordinary Maintenance and Operations - Materials and Other	\$28,624		\$28,624
94300 Ordinary Maintenance and Operations Contracts	\$43,127		\$43,127
94500 Employee Benefit Contributions - Ordinary Maintenance	\$16,632		\$16,632
94000 Total Maintenance	\$151,895	\$0	\$151,895
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs	\$331		\$331
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$331	\$0	\$331
96110 Property Insurance	\$51,613		\$51,613
96120 Liability Insurance			
96130 Workmen's Compensation	\$9,397		\$9,397
96140 All Other Insurance	\$8,288		\$8,288
96100 Total insurance Premiums	\$69,298	\$0	\$69,298
96200 Other General Expenses			
96210 Compensated Absences	\$5,503		\$5,503
96300 Payments in Lieu of Taxes	\$22,604		\$22,604
96400 Bad debt - Tenant Rents	\$1,641		\$1,641
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$29,748	\$0	\$29,748
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$495,467	\$4,000	\$499,467
97000 Excess of Operating Revenue over Operating Expenses	\$66,488	\$251,214	\$317,702
97100 Extraordinary Maintenance	\$22,243		\$22,243
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			



HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2012

**Single Project Revenue and Expense**

	Low Rent	Capital Fund	Total Project
97400 Depreciation Expense	\$296,677		\$296,677
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$814,387	\$4,000	\$818,387
10010 Operating Transfer In	\$16,700		\$16,700
10020 Operating transfer Out		-\$16,700	-\$16,700
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$16,700	-\$16,700	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$235,732	\$234,514	-\$1,218
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$2,605,018	\$0	\$2,605,018
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$234,514	-\$234,514	\$0
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	1608		1608
11210 Number of Unit Months Leased	1557		1557
11270 Excess Cash	\$45,118		\$45,118
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$234,514	\$0	\$234,514
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2012

**Entity Wide Revenue and Expense Summary**

	Project Total	Total
70300 Net Tenant Rental Revenue	\$238,376	\$238,376
70400 Tenant Revenue - Other	\$11,646	\$11,646
70500 Total Tenant Revenue	\$250,022	\$250,022
70600 HUD PHA Operating Grants	\$312,104	\$312,104
70610 Capital Grants	\$234,514	\$234,514
70710 Management Fee		
70720 Asset Management Fee		
70730 Book Keeping Fee		
70740 Front Line Service Fee		
70750 Other Fees		
70700 Total Fee Revenue		
70800 Other Government Grants		
71100 Investment Income - Unrestricted	\$225	\$225
71200 Mortgage Interest Income		
71300 Proceeds from Disposition of Assets Held for Sale		
71310 Cost of Sale of Assets		
71400 Fraud Recovery		
71500 Other Revenue	\$20,304	\$20,304
71600 Gain or Loss on Sale of Capital Assets		
72000 Investment Income - Restricted		
70000 Total Revenue	\$817,169	\$817,169
91100 Administrative Salaries	\$103,697	\$103,697
91200 Auditing Fees	\$10,980	\$10,980
91300 Management Fee		
91310 Book-keeping Fee		
91400 Advertising and Marketing		
91500 Employee Benefit contributions - Administrative	\$40,019	\$40,019
91600 Office Expenses	\$20,244	\$20,244
91700 Legal Expense	\$4,308	\$4,308
91800 Travel	\$11,740	\$11,740
91810 Allocated Overhead		
91900 Other	\$30,404	\$30,404
91000 Total Operating - Administrative	\$221,392	\$221,392
92000 Asset Management Fee		
92100 Tenant Services - Salaries	\$9,648	\$9,648
92200 Relocation Costs		
92300 Employee Benefit Contributions - Tenant Services	\$4,396	\$4,396
92400 Tenant Services - Other	\$420	\$420
92500 Total Tenant Services	\$14,464	\$14,464
93100 Water	\$1,122	\$1,122
93200 Electricity	\$10,898	\$10,898
93300 Gas	\$319	\$319
93400 Fuel		

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2012

**Entity Wide Revenue and Expense Summary**

	Project Total	Total
93500 Labor		
93600 Sewer		
93700 Employee Benefit Contributions - Utilities		
93800 Other Utilities Expense		
93000 Total Utilities	\$12,339	\$12,339
94100 Ordinary Maintenance and Operations - Labor	\$63,512	\$63,512
94200 Ordinary Maintenance and Operations - Materials and Other	\$28,624	\$28,624
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94500 Employee Benefit Contributions - Ordinary Maintenance	\$16,632	\$16,632
94000 Total Maintenance	\$151,895	\$151,895
95100 Protective Services - Labor		
95200 Protective Services - Other Contract Costs	\$331	\$331
95300 Protective Services - Other		
95500 Employee Benefit Contributions - Protective Services		
95000 Total Protective Services	\$331	\$331
96110 Property Insurance	\$51,613	\$51,613
96120 Liability Insurance		
96130 Workmen's Compensation	\$9,397	\$9,397
96140 All Other Insurance	\$8,288	\$8,288
96100 Total insurance Premiums	\$69,298	\$69,298
96200 Other General Expenses		
96210 Compensated Absences	\$5,503	\$5,503
96300 Payments in Lieu of Taxes	\$22,604	\$22,604
96400 Bad debt - Tenant Rents	\$1,641	\$1,641
96500 Bad debt - Mortgages		
96600 Bad debt - Other		
96800 Severance Expense		
96000 Total Other General Expenses	\$29,748	\$29,748
96710 Interest of Mortgage (or Bonds) Payable		
96720 Interest on Notes Payable (Short and Long Term)		
96730 Amortization of Bond Issue Costs		
96700 Total Interest Expense and Amortization Cost	\$0	\$0
96900 Total Operating Expenses	\$499,467	\$499,467
97000 Excess of Operating Revenue over Operating Expenses	\$317,702	\$317,702
97100 Extraordinary Maintenance	\$22,243	\$22,243
97200 Casualty Losses - Non-capitalized		
97300 Housing Assistance Payments		
97350 HAP Portability-In		

HOUSING AUTHORITY OF WHITE CASTLE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2012

**Entity Wide Revenue and Expense Summary**

	Project Total	Total
97400 Depreciation Expense	\$296,677	\$296,677
97500 Fraud Losses		
97600 Capital Outlays - Governmental Funds		
97700 Debt Principal Payment - Governmental Funds		
97800 Dwelling Units Rent Expense		
90000 Total Expenses	\$818,387	\$818,387
10010 Operating Transfer In	\$16,700	\$16,700
10020 Operating transfer Out	-\$16,700	-\$16,700
10030 Operating Transfers from/to Primary Government		
10040 Operating Transfers from/to Component Unit		
10050 Proceeds from Notes, Loans and Bonds		
10060 Proceeds from Property Sales		
10070 Extraordinary Items, Net Gain/Loss		
10080 Special Items (Net Gain/Loss)		
10091 Inter Project Excess Cash Transfer In		
10092 Inter Project Excess Cash Transfer Out		
10093 Transfers between Program and Project - In		
10094 Transfers between Project and Program - Out		
10100 Total Other financing Sources (Uses)	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$1,218	-\$1,218
11020 Required Annual Debt Principal Payments	\$0	\$0
11030 Beginning Equity	\$2,605,018	\$2,605,018
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0
11050 Changes in Compensated Absence Balance		
11060 Changes in Contingent Liability Balance		
11070 Changes in Unrecognized Pension Transition Liability		
11080 Changes in Special Term/Severance Benefits Liability		
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents		
11100 Changes in Allowance for Doubtful Accounts - Other		
11170 Administrative Fee Equity		
11180 Housing Assistance Payments Equity		
11190 Unit Months Available	1608	1608
11210 Number of Unit Months Leased	1557	1557
11270 Excess Cash	\$45,118	\$45,118
11610 Land Purchases	\$0	\$0
11620 Building Purchases	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0
11650 Leasehold Improvements Purchases	\$234,514	\$234,514
11660 Infrastructure Purchases	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0